

Message Text

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15

ACTION EB-07

INFO OCT-01 ISO-00 AF-06 ARA-10 EA-09 EUR-12 NEA-10 FEA-01

ERDA-07 AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-15 SAM-01 OES-05 SP-02 SS-15 STR-04

TRSE-00 PA-02 PRS-01 /144 W

----- 054091

R 301737Z SEP 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 3281

AMEMBASSY VIENNA

AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BEIRUT

AMEMBASSY BERN

AMEMBASSY CAIRO

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY TOKYO

USMISSION EC BRUSSELS

USMISSION OECD PARIS

AMEMBASSY ANKARA

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

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AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG
AMEMBASSY MADRID
AMEMBASSY STOCKHOLM
AMEMBASSY THE HAGUE
AMEMBASSY OSLO
AMEMBASSY WELLINGTON
AMEMBASSY PARIS

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BEIRUT PLEASE PASS BAGHDAD

E.O. 11652: N/A

TAGS: ENRG, OPEC, GW

SUBJECT: WEST GERMAN REACTIONS TO OPEC PRICE HIKE

1. SUMMARY: FRG ESTIMATES THAT OPEC PRICE HIKE WILL ADD SOME DM 3 BILLION TO ITS ANNUAL BILL FOR IMPORTED OIL. WEST GERMAN REACTION TO OPEC DECISION HAS BEEN MODERATE, REFLECTING CONSENSUS THAT IMPACT ON FRG ECONOMY WILL NOT BE SEVERE. SAUDI ARABIA GETS PUBLIC AND PRIVATE KUDOS FOR HOLDING INCREASE TO TEN PERCENT. END SUMMARY.

2. FRG COMMENT ON OPEC PRICE HIKE HAS BEEN RESTRAINED. PREVAILING VIEW IS THAT IMPACT ON DOMESTIC ECONOMY WILL NOT BE SEVERE, THOUGH FRG SPOKESMAN GRUNEWALD SPOLE OF NEW STRAINS THAT LIE AHEAD. ECONMINISTER FRIDERICH TOLD PRESS THAT FRG MIGHT NOW HAVE TO PAY SOME DM 2.8-3.0 BILLION MORE FOR IMPORTED OIL. HIS MINISTRY ESTIMATED THAT COST-OF-LIVING INDEX WOULD RISE BY .1 PERCENT, WITH POSSIBLY LARGER RIPPLE EFFECTS.

3. FRG APPEARS TO ACCEPT OIL INDUSTRY FORECAST THAT OPEC DECISION WILL LEAD TO RISE IN POL PRODUCT PRICES OF ABOUT TWO PFENNIG/LITER, INCLUSIVE OF VAT. PARTLY FOR THIS REASON, ECONMINISTRY SPOKESMAN CALLED ON LABOR AND MANAGEMENT TO BEAR OPEC DECISION IN MIND IN MAKING DECISIONS ON WAGES, PRICES.
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4. IN TALKS WITH EMBOFFS, FRG OFFICIALS IN CHANCELLERY, FOREIGN AND ECON MINISTRIES CREDIT SAG'S YAMANI WITH KEEPING OPEC DECISION IN "MODERATE" BOUNDS. PRESS HAS SAME ASSESSMENT. ASSISTANT SECRETARY HISS OF CHANCELLERY HAS EXPRESSED TO US THE OPINION THAT PRICE HIKE WILL HAVE MODERATE IMPACT ON INDUSTRIALIZED COUNTRIES BUT COULD DEAL

SEVERE BLOW TO LDCS, IN PARTICULAR MSAS. HE WAS ALSO CONCERNED RISE COULD PUT BRAKE ON RECOVERY FROM GLOBAL RECESSION.

5. SOME PAPERS ADD THAT INCREASE WILL CAUSE INDUSTRIAL STATES TO SPEED UP QUEST FOR NEW ENERGY SOURCES -- A LINE ECHOED, INTER ALIA, BY SPD AND CDU SPOKESMEN. THOUGH A FEW PAPERS LABOR TO SHOW THAT SEPTEMBER 27 DECISION HAS PAPERED OVER MAJOR RIFTS IN OPEC CAMP, PREVAILING WEST GERMAN VIEW IS THAT OPEC HAS PASSED ANOTHER TEST. IN THIS REGARD, INFLUENTIAL FRANKFURTER ALLGEMEINE REGRETS THAT IEA AND WEST ARE NOT YET SUFFICIENTLY ORGANIZED TO MEET OPEC CHALLENGE EFFECTIVELY.
HILLENBRAND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, IMPORTS, PRICES, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 SEP 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BONN16029
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750339-0369
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975093/aaaaabqz.tel
Line Count: 130
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MartinML
Review Comment: n/a
Review Content Flags:
Review Date: 10 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 JUN 2003 by MaustMC>; APPROVED <28 JAN 2004 by MartinML>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WEST GERMAN REACTIONS TO OPEC PRICE HIKE
TAGS: ENRG, GE, OPEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006